



Ninety-Ninth Legislature - First Session - 2005
Introducer's Statement of Intent
LB 664

Chairperson: Jim Jensen
Committee: Health and Human Services
Date of Hearing: February 23, 2005

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 664 increases the number of critical access hospital beds from 15 to 25 hospitals that were not licensed as critical access hospitals as of January 1, 2004. This bill will allow additional small rural hospitals in Nebraska who can meet the needs of their communities with only 25 inpatient beds to qualify under the Critical Access Hospital program.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 authorizes the increase to 25 beds. It is estimated that the federal act will increase payments to 862 critical access hospitals across the country by \$900 million over the next ten years. The change allows small rural hospitals to leave a federal payment system designed for large hospitals with larger patient volumes and different cost structures, bolstering small rural hospitals' ability to provide health care in rural areas.

Nebraska currently has 60 critical access hospitals which service rural needs and support rural community access to hospital and medical services. But critical access hospitals find the current 15-bed limitation an impediment to meeting their community's needs for inpatient hospital services. For example, during peak times, i.e., flu season, the 15-bed limitation requires critical access hospitals to transfer patients to larger hospitals where Medicare, Medicaid, insurers or the patients incur the cost of the transfer to the larger hospital where the cost of care is also generally more expensive.

Principal Introducer: _____
Senator Jim Cudaback